

# **PG&E's Participants' Webinar**

## **2020 System Reliability Request for Offers (RFO) Phase 1**

**March 5, 2020**

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## Q&A / Audio Replay

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- At any time during this presentation participants should e-mail their questions to the Solicitation mailbox: [SystemReliabilityRFO@pge.com](mailto:SystemReliabilityRFO@pge.com)
- There will be time to answer questions at the end of the webinar
  - PG&E may not address all of the questions during the Q&A portion of the webinar
  - After the webinar, PG&E will compile and post a Q&A document on PG&E's website at: [www.pge.com/rfo/systemreliabilityrfo-phaseone](http://www.pge.com/rfo/systemreliabilityrfo-phaseone)
- The audio portion of the webinar will also be posted on PG&E's website as noted above.

## Document Conflicts

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- This presentation is intended to be a summary level discussion of the information and requirements established in the Solicitation materials (it does not include all of the detailed information in the Solicitation materials).
- To the extent that there are any inconsistencies between the information provided in this presentation and the requirements in the Solicitation materials, the **Solicitation materials shall govern.**
- PG&E encourages participants to carefully review:
  - 2020 System Reliability RFO – Phase 1 Protocol
- **If Participants have questions regarding the Solicitation documents, PG&E asks Participants to seek clarity by submitting their questions to the Solicitation mailbox prior to submitting an offer.**

# Objective and Agenda

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- The purpose of this webinar is to provide information to Participants who may submit offers into PG&E's 2020 System Reliability RFO – Phase 1.
- **Topics**
  - Objective & Agenda
  - Independent Evaluator
  - California Public Utilities Commission (CPUC) Decision (D.) 19-11-016 Overview
  - Solicitation Overview
  - Agreement Overview
  - Offer Submittal
  - Power Advocate
  - Solicitation Schedule
  - Intermission
  - Q & A

## Independent Evaluator (IE)

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- Primary role of the IE is to:
  - Monitor solicitation processes to ensure fair and equal treatment of all potential counterparties
  - Monitor evaluation processes to ensure PG&E has implemented methodology as described and that offers are treated consistently
  - Report on solicitation process and proposed transactions to CPUC when filed for CPUC approval
- The IE may review all proposal data and communications with Participants
- 2020 System Reliability RFO – Phase 1 IE is Merrimack Energy.
  - Wayne Oliver ([MerrimackIE@merrimackenergy.com](mailto:MerrimackIE@merrimackenergy.com))

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## CPUC D.19-11-016 Overview

## Overview of CPUC D.19-11-016

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- Requires procurement incremental of system-level qualifying resource adequacy (RA) capacity of 3,300 MW by all LSEs serving load in the California Independent System Operator (CAISO) balancing area
- PG&E's responsibility is to procure a minimum of:<sup>1</sup>
  - 716.9 MW to come online by August 1, 2023
  - 75% of MW target to come online by August 1, 2022
  - 50% of MW target to come online by August 1, 2021

<sup>1</sup>Per the Decision, PG&E may be required to procure additional capacity should Community Choice Aggregators (CCAs) and Direct Access customers within PG&E's service territory elect not to self-procure its required capacity.

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# Solicitation Overview



## Overview of Solicitation

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- PG&E is seeking to procure new and existing energy resources of all technologies that can provide incremental System Level RA.
- Procurement resulting from the Solicitation will qualify towards the minimum procurement requirement of 716.9 MW.
- PG&E seeks Offers from resources that can be rapidly deployed
  - Resources must provide RA by August 1, 2021
  - Resources that are unable to provide RA by August 1, 2021 will not be considered in Phase 1 and will only be considered in Phase 2
  - PG&E will issue Phase 2 in Q3 2020 with delivery of RA on or before August 1, 2022 and August 1, 2023

# Phase 1 Product and Resources

Product	Agreement	Eligible Resources	Delivery Term (Years)	Minimum Size (MW)
Resource Adequacy Only (System, Local)	Resource Adequacy Confirm <sup>1</sup>	All Resources (Existing Projects Only)	3 or 5	10
	Long Term Resource Adequacy Agreement	All Resources <sup>2</sup> (New Projects Only)	10 or 15	10
	Behind the Meter Resource Adequacy Agreement	Behind the Meter Resources (New Projects Only)	10 or 15	10
	Demand Response Agreement	Incremental Demand Response	3	10

<sup>1</sup> Resource Adequacy Confirm will be used for resources that are pseudo-tied or dynamically transferred to the CAISO

<sup>2</sup> Includes incremental capacity additions located at existing projects

# Eligibility Requirements

- **Incrementality:** Resources must be incremental to the Integrated Resource Planning Baseline Resource List approved by the CPUC [Ruling 16-02-007](#) (See [Attachment A](#) and [Attachment B](#) to this ruling) on January 3, 2020
  - Demand Response resources will be considered incremental if not funded by IOU demand response programs in the 2018 – 2022 funding cycle
- **Project Size:** The minimum size for all resource types is 10 MW
  - PG&E will consider Offers where multiple resources are aggregated to meet minimum size. Please see specific requirements in Section III.B of the Solicitation Protocol.
- **Site Control:** For In-Front-of-the-Meter Resources, Participants must demonstrate site control at the time of Offer Submission.
- **Performance & Operational Requirements:** Projects must meet the applicable CPUC and CAISO requirements to qualify for RA.
  - Projects must meet any other requirements that will enable PG&E to receive all of the RA benefits
- **Electric Interconnection:** Participants must have documentation showing that the Project is on track to receive Full Capacity Deliverability Status (FCDS) and provide RA by August 1, 2021.
  - At a minimum, Projects, except BTM, must have an interconnection report or agreement as a result of an interconnection request demonstrating evidence of a construction schedule that can meet the proposed Initial Delivery Date

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## Agreement Overview

# General Guidelines

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- **Agreement Types**

- Resource Adequacy (RA) Confirm

- Participants are required to have an EEI Master Agreement in place with PG&E prior to execution of an RA Confirm.
- If you are planning to submit an Offer using the RA Confirm and do not have an EEI Master Agreement in place with PG&E, contact us as soon as possible so we can initiate the process to execute a Master Agreement.

- Long Term Resource Adequacy Agreement

- Behind the Meter (BTM) Resource Adequacy Agreement

- Demand Response Agreement

- **PG&E has a strong preference for standardized Agreements.**

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## RA Confirm

# Transaction

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- **Product:** Contingent Firm RA
  - Seller must provide firm RA at the Contract Quantity (without substitution) from the specified Unit.
  - Seller may reduce the Contract Quantity for any Showing Month during the Delivery Period (“Designated RA Capacity”) due to:
    - Planned Outages (only during January – May, December Showing Months)
    - Reduction to the NQC/EFC of the Unit by the CAISO
- **Compensation:** Seller shall received a Monthly Payment equal to:
  - Contract Price in \$/kW-month x Contract Quantity x RA Derate Factor
    - RA Derate Factor =  $\frac{\text{Designated RA Capacity}}{\text{Contract Quantity}}$
- Seller is Scheduling Coordinator and retains CAISO revenues

## Delivery of Product

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- Seller must submit Supply Plans for the Designated RA Capacity in each Compliance Showing Month.
- If Seller elects to reduce the Contract Quantity in any Showing Month, Seller must provide Notice to Buyer at least 60 calendar days before the relevant compliance deadlines of the applicable Showing Month.
- Buyer may request that Seller “hold back” all or a portion of the Contract Quantity for a Showing Month (i.e., not list in the Unit’s Supply Plan) so that such Hold-Back Capacity can be used by Buyer for substitution.



# Conditions Precedent & Events of Default

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- **Conditions Precedent**

- Confirmation is effective and binding upon CPUC Approval and Bankruptcy Court Approval.
  - Exceptions: Section 6 (Confidentiality), Section 8 (Collateral Requirements), and Section 10 (Filing and Approvals) are effective upon execution
- Either party may terminate if CPUC Approval or Bankruptcy Approval is not received within 180 days of the filing for such approvals

- **Events of Default**

- Failure to deliver Designated RA Capacity
- Same as the EEI Master Agreement

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# Long Term RA Agreement

# Transaction

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- **Product:** All Capacity Attributes associated with the Project
  - System and local RA, plus any future defined characteristics that can be applied to Compliance Obligations.
- **Compensation:** Contract Price in \$kW month based on Confirmed Quantity
- Amount of Capacity Attributes is specified in contract as of execution date based on Project Description in Appendix II
  - Potential change of RA rules is addressed in Section 3.2 of the Agreement
- Seller is Scheduling Coordinator
  - Seller retains CAISO revenues
- If energy storage project, Seller must comply with the Multiple Use Application D.18-01-003

## Delivery of Product

- Seller must submit Supply Plans for all Capacity Attributes of the Product in each Compliance Showing
- If all Capacity Attributes of the Product are not delivered, the Payment Quantity will be reduced proportionately (Confirmed Quantity)
- Example of Confirmed Quantity calculation:

Payment Quantity	10 MW
Sum of Capacity Attributes of Delivered Quantities	7 MW
Sum of all Capacity Attributes of Product	10 MW

$$\text{Confirmed Quantity} = (7 \text{ MW}/10 \text{ MW}) \times 10 \text{ MW} = \mathbf{7 \text{ MW}}$$

# Term, Early Termination, Events of Default

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## Term

- Expected Initial Delivery Date (EIDD) on 8/1/2021

## Early Termination Rights

- Either party may terminate if CPUC Approval or Bankruptcy Approval is not received within 180 days of the latest filing date for such approvals
- Buyer may terminate if interconnection study indicates network upgrades in excess of cap in Agreement

## Events of Default

- Material misrepresentation in metering, Supply Plan or Notice of delivery of Product
- Seller must provide an average of at least 80% of all Capacity Attributes from the Project over rolling 12 months and an average of at least 85% of Capacity Attributes from the Project over rolling 24 months.

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## Behind the Retail Meter RA Agreement

# Transaction

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- Similar to Long Term Resource Adequacy Agreement, with added provisions addressing behind-the-meter customers and a simple Energy Settlement which is owed to Buyer
- Compensation: Monthly Payment based on Confirmed Quantity minus Energy Settlement Amount
- For any day, Energy Settlement is based on the “z” highest DA Energy Prices, with “z” representing the duration in hours of the resource:
  - = Confirmed Quantity \* Max (0, (Highest DA Energy Price – VOM))
  - Seller bids VOM value as part of Offer Form
- Seller solely responsible for acquiring customers behind the meter

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# Demand Response Agreement



# Demand Response Agreement

- Short term (3-year) RA contract, providing firm RA at the Monthly Contracted Quantity
- Seller must submit Supply Plans for the Monthly Contracted Quantity in each Compliance Showing Month
- **Compensation:** Settlement is based on the delivered capacity payment, relative to (A X B)

A = The Contract Price for the applicable Showing Month, including SC costs.

B = The value from the chart below corresponding to the applicable ratio of Demonstrated Capacity (DC) as a percentage of the Qualifying Capacity (QC) (which shall be a total sum of the individual PDRs in the DRAM Resource) (“DC-QC Ratio”):

Band	DC - QC Ratio	Value for B
Pro-rated	> 85% to 100%	Demonstrated Capacity (kW)
De-rated	50% to 85%	Demonstrated Capacity (kW) * 50%
Forfeiture	< 50.00%	0

- Seller is Scheduling Coordinator for the Resource
  - Seller (1) retains any CAISO revenues and (2) pays all costs, penalties, charges charged to Seller or Seller’s SC by the CAISO or any other third party in connection with the Resource
- Seller solely responsible for acquiring customers behind the meter

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## Offer Submittal

## Offer Submittal—Documents

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- Documents due at Offer Submittal
  - Appendix A: Offer Form (will be released at future date)
  - Appendix B: Supplemental Project Information
    - Fill in applicable sections only
    - All applicable sections must be completed within Appendix B
      - Do not reference an attached document(s)
  - Appendix C: FERC Order 717 Waiver (If Applicable)
  - Appendices E1 – E4: Form Agreement edits (will be released at future date)
  - Appendix G1: Letter of Credit (If Applicable)
  - Appendix G2: Request for Taxpayer ID (W-9) (If Applicable)

## Offer Submittal—Additional Information

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- Participants may submit up to five (5) Offer variations per interconnection point
  - May vary any attribute of the offer provided as long as total variations for a single interconnection point do not exceed five
- **Due to the time-sensitive nature of this RFO, PG&E will not be able to engage with Sellers that submit incomplete Offers or inaccurate Offer information.**
- By submitting an Offer into this Solicitation, each Participant is required to abide by the confidentiality obligations specified in Section IX of the Solicitation Protocol and their Confidentiality Agreement.

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## Power Advocate

## Power Advocate

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- Power Advocate is a third-party online platform utilized by PG&E to receive offer submittals.
  - Participants can register through Power Advocate at: <https://www.poweradvocate.com/pR.do?okey=102077&pubEvent=true>
  - Power Advocate instructions and all Solicitation documents are available on PG&E's Solicitation website, and must be completed and included with each Power Advocate Offer submission.

## Solicitation Schedule

Date/Time	Event
March 5, 2020	Participants' Webinar
<b>March 25, 2020 at 1PM (PPT)</b>	<b>Deadline for Participants to submit Offers via Power Advocate</b>
April 10, 2020	PG&E notifies Participants of Shortlist Status
April 13, 2020	Deadline for Notified Shortlisted Participants to 1) Accept Shortlist Status, 2) Acknowledge Acceptance of Confidentiality Agreement, and 3) Begin ISNet Safety Process
April 15, 2020	Deadline for notified Shortlist Participants to post Shortlist Offer Deposit
Early-May 2020	Target Agreement Execution
Mid-May 2020	PG&E submits Agreements for CPUC and Bankruptcy Court Approvals.

## Communications and Website

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- PG&E's website at <http://www.pge.com/rfo/systemreliabilityrfo-phaseone> provides everything you need to submit an offer, including (but not limited to) the following:
  - Solicitation Documents for the Solicitation
  - Solicitation Schedule
  - Agreements
- All solicitation communications should be directed to:  
[SystemReliabilityRFO@pge.com](mailto:SystemReliabilityRFO@pge.com) with a copy to the Independent Evaluator at [MerrimackIE@merrimackenergy.com](mailto:MerrimackIE@merrimackenergy.com)



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# Intermission

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## Q & A